

**MINUTES OF A MEETING OF
THE LEMON GROVE CITY COUNCIL**

December 1, 2015

The City Council also sits as the Lemon Grove Housing Authority, Lemon Grove Sanitation District Board, Lemon Grove Roadway Lighting District Board, and Lemon Grove Successor Agency

Call to Order

Members present: Mary Sessom, George Gastil, Jerry Jones, Jennifer Mendoza, and Racquel Vasquez.

City Staff present: Dave DeVries, Interim Development Services Director; Miranda Evans, Assistant Planner; Mike James, Interim City Manager/Public Works Director; James P. Lough, City Attorney; Lt. May, Sheriff's Department; Laureen Ryan Ojeda, Administrative Analyst; Rick Sitta, Fire Chief; and Cathy Till, Finance Director.

Call to Order:

Public Comment

Melanie Briones, Project Director of HEAL Zone LG, read a statement of gratitude for the City of Lemon Grove

1. Consent Calendar

A. Approval of City Council Minutes

November 17, 2015 Regular Meeting

B. Ratification of Payment Demands

C. Waive Full Text Reading of All Ordinances and Resolutions on the Agenda

D. TransNet Amendment – Regional Transportation Improvement Program 2014

E. Claim Denial – Quist

F. Budget Adjustment

G. Local Agency Improvement Fee Report (Fiscal Year 2014-2015) as Required by California Code Section 66006

H. City Council Meeting Schedule

I. Continuation of Public Hearing (2A-500-0003) Housing Element Obligations

J. Amend Administrative Citation Procedures Manual

Action: Motion by Councilmember Jones, seconded by Councilmember Mendoza to approve the Consent Calendar, passed by the following vote:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-3378: Resolution of the City Council of the City of Lemon Grove, California adopting the TransNet Local Street Improvement Program of projects for fiscal years 2015 through 2019.

2. Grant Application to KaBOOM! for Lemon Grove Park

KaBOOM! is a national non-profit organization that envisions a great place to play within walking distance of every child in America. Since 1996, KaBOOM! has used its community-build model to bring together business and community interests to construct playgrounds. KaBOOM! selects sites based on a number of factors such as if existing playgrounds are within the vicinity, neighborhoods with engaged parents and families, and a viable non-profit to serve as the community partner for the project. Lemon Grove Park was acquired when the City incorporated in 1977 and has the existing capacity to expand its existing playground to accommodate more children. Based on the KaBOOM! criteria and decisive factors of their funding partner, Lemon Grove Park was recommended to move forward in the selection process prior to commitment of funds.

The KaBOOM! grant process requires volunteers to install the playground equipment. Volunteers will be engaged throughout the process of designing the playscape until the build days, which is schedule by KaBOOM! The grant process requires a community partner to combine with the City for the playground build projects. Community Health Improvement Partners (CHIP) is the community partner and will assist with volunteer recruitment and other aspects of the playground build at Lemon Grove Park.

If the Lemon Grove Park project is awarded a KaBOOM! grant, the City will be required to manage the designing and building of the playground expansion project. At the time of the preliminary review, KaBOOM! staff could not provide a specific project cost estimate. However, it was referenced that the \$8,500 in matching funds from the City equals approximately 10 percent of the anticipated total playscape cost.

Lastly, staff felt it was important to note that the KaBOOM! grant application is consistent with one of the City Council's Goals established this year to explore recreation partners to enhance recreation opportunities.

Staff asked that City Council| authorizes the submission of an application to KaBOOM!, accepts the grant upon award, and authorizes the Public Works Director or designee to execute any grant related documents. |

Action: Motion by Councilmember Jones, seconded by Mayor Pro Tem Vazquez, to approve resolution:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution 2015-3379: Resolution of the City Council of Lemon Grove authorizing the submission of a grant application to KaBoom! and the acceptance upon award of a new playscape for Lemon Grove Park.

3. Agreement for a Sanitation District Rate Study

On June 28, 2002, the Board of Directors of the Lemon Grove Sanitation District adopted Resolution No. 183, which determined that an adjustment to the sewer service charge per equivalent dwelling unit (EDU) in the City was necessary for cost recovery associated with City of San Diego Metropolitan Wastewater Department cost increases and for both major and minor maintenance of the District's infrastructure.

Approximately every five years, the Lemon Grove Sanitation District Board evaluates and re-establishes the Sanitation District rates paid by Lemon Grove Sanitation District users. In 2007, a financial model was created to analyze the various costs needed to operate and manage a sanitary sewer system. Some of those costs included:

1. The City of San Diego's Metropolitan Wastewater Department's (MWWD) costs to transfer and treat all wastewater they receive from the District,
2. Future MWWD capital improvement projects,
3. District generated capital improvement projects to operate a sanitary sewer system, and
4. Maintaining a mandatory program cash reserve for unforeseen operational and maintenance events.

On May 17, 2011, the Sanitation District Board (Board) approved a 3.75% rate increase for five consecutive years from Fiscal Year (FY) 2011-12 to FY 2015-16.

On June 19, 2012, the Board reduced the previously approved rate increase from 3.75% to 3.25% for FY 2012-13, 3.50% for FY 2013-14 and 3.75% for FY 2014-15 and FY 2015-16.

On June 3, 2014, the Board reduced the previously approved sewer rate increase for FY 2014-15 and FY 2015-16 to 1.72%.

In order to ensure an accurate method of calculation is used, staff recommends that periodically the District Board perform a financial modeling plan. The plan will continue to evaluate current sewer rates relative to the anticipated capital, operational, and maintenance obligations in future years.

On September 24, 2015, the District advertised a request for proposals (RFP) and posted on e-bidboard and the City's website. On October 29, 2015, three proposals were received:

1. Michael Baker International located in San Diego, California;
2. Bartle Wells Associates located in Berkeley, California; and
3. NBS located in Temecula, California.

City staff formed a selection committee to evaluate each proposal based upon the following criteria:

1. Conforms to the requested format,
2. Experience and Technical Competence,
3. Proposed Method to Accomplish Work,
4. Knowledge and Understanding of Local Government,
5. Project Organization and Key Personnel, and
6. Cost Estimate.

The selection committee determined that the best consultant team to perform the scope of work based upon the above listed criteria was NBS Government Finance Group (NBS) with a proposal amount of \$43,235. NBS specializes in rate and fee studies, financial plans, and project financing, system capacity and development impact fees, and overhead cost allocation analysis. NBS performed similar work for other local governments and special districts in the recent past and the firm has excellent knowledge of issues facing Sanitation Districts as related to rate studies and analyses.

City staff requests that the Sanitation Board adopts a resolution awarding a professional services agreement for the Sanitation District Rate Study (Contract No. 2016-01) to NBS for an amount not to exceed \$43,235.

Action: Motion by Councilmember Jones, seconded by Councilmember Gastil, to approve Resolution 2015-3380:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Resolution No. 2015-3380: Resolution of the Lemon Grove Sanitation District awarding a professional services agreement to NBS Government Finance Group for the Sanitation District Rate Study (Contract No. 2016-01).

4. Water Efficient Landscape Ordinance 436

California is in a serious drought. The State has experienced its driest four years ever. The Sierra snowpack is at its lowest level in history and key reservoir levels are well below average. On April 1, 2015, Governor Brown ordered mandatory water use reductions and restrictions for the first time in the State's history. Governor Brown's Drought Executive Order (**Attachment F**) called for restrictions to be imposed to achieve a statewide 25 percent reduction in water use through February 2016 as compared to the amount used in 2013. Currently, Helix Water District is at an average 27 percent water savings as compared to the same months in 2013. Helix continues to be in a Level 2 Drought Alert which requires mandatory limits on water use amongst water users in the District.

The Drought Executive Order also directed the State Department of Water Resources (DWR) to update the State's Model Water Efficient Landscape Ordinance (MWELO) to increase water efficiency standards for new and existing landscapes through more efficient irrigation systems, greywater usage, onsite storm water capture, and by limiting the portion of landscapes that can be covered in turf. It also requires reporting on the implementation and enforcement of local ordinances, with required reports due December 31, 2015. There is no penalty for not reporting, however, grants or loans may be withheld in the future for failing to report. The Executive Order also prohibits the irrigation of ornamental turf on public street medians and requires drip and microspray irrigation outside of newly constructed homes and buildings.

The California Water Commission approved the revised State's MWELO (**Attachment D**) on July 15, 2015. The State allows local agencies to adopt the State MWELO, adopt no water efficiency ordinance and use the State MWELO by default or adopt a local water efficient landscape ordinance (WELO) that is as effective in conserving water as the State MWELO. The City adopted its WELO in 2010, but it will not be in compliance with the updated State MWELO because of reductions to the Maximum Applied Water Allowance (MAWA). Local agencies have until December 1, 2015 to adopt a local ordinance which must be at least as effective in conserving water as the State's Ordinance. If no action is taken, the State's Ordinance becomes effective by default. The Department of Water Resources is not required or expected to approve or disapprove any local WELO and only reporting is required. It is important to note that State representatives are not asking cities to stop watering plants, but to merely provide plant materials and irrigations controls in compliance with adopted regulations.

Helix Water District has already updated its policies to be in compliance with the updated State MWELO.

The City's existing landscape regulations (Section 17.24.050) generally require 15 percent of a residential site and 10 percent of a nonresidential site to be landscaped. The definition of "landscape" does not require any plant materials to be included in landscaped areas except that one tree is required per six parking spaces on larger developments and one tree is required per 30 lineal feet of street frontage in the landscape parkway on new developments or as part of a discretionary permit. As a result, many completed landscape projects have very limited plant materials if any.

A Negative Declaration (ND) of Environmental Impact will be filed subsequent to the adoption and final approval of the proposed ordinance by the City Council. The Initial Environmental Study prepared for this project identified no potential environmental impacts. Mitigation measures are not included in the ND.

Staff's goals for the update to the proposed local WELO (Chapter 18.44) are to:

1. Simplify the local MELO regulations and processes for all users to encourage development and beautification within the City.
2. Encourage property owner, tenant and developer resources to focus more on landscape improvements and less on landscape design.

3. Ensure that the local WELO is as effective in conserving water as the updated State MWELo.
4. Provide consistency with adopted Helix Water District regulations.
5. Implement existing General Plan policies and objectives including requirements for edible plants to increase local food resources.
6. Provide minimum planting requirements to ensure new landscape has sufficient plant materials in order to reduce gas emissions and heat island effect (built up areas that are hotter than nearby rural areas), create shady and pleasant outdoor spaces, and beautify the City.
7. Use San Diego Regional Standard Drawings for irrigation and planting installations.
8. Ensure new plantings are properly planted and irrigated.

As such, the notable amendments to the local WELO include:

1. Eliminating complex formulas and many water use documentation requirements. Staff has determined that if a site is fully planted with all very low and low water use plant materials, then it will be in full compliance with the updated State MAWA, regardless of other factors. Additionally, staff has determined that if a site is planted with medium and high water use plant materials, regardless of other factors, then these areas will require two-thirds of the landscape area to be a no water use, nonvegetated ground cover (such as wood chips or crushed rock), for every one-third of medium and high water use planting area. Put simply, landscape areas shall consist of very low and low water use plant materials and/or can consist of medium and high water use plant materials at a ratio of 1 part planting per 2 parts of no water use natural nonvegetated ground cover. This new simple formula eliminates the need for existing water use applications and landscape worksheets. Alternative landscapes not in compliance with these regulations are allowed provided they comply fully with the State MWELo.
2. Requiring minimum plant materials as follows:
 - a. Require a minimum of 25 percent of the landscape area to be plant materials.
 - b. Require a minimum of one 15 gallon tree per 1,000 sq. ft. of landscape area. Staff estimates these tree canopies will ultimately cover an area of approximately 200 sq. ft. on average or one-fifth of the landscape area.
 - c. Require a minimum of 100 sq. ft. of edible planting area or one 15 gallon fruit or nut tree per residential dwelling unit up to five units. This implements several policies in the Health & Wellness Element including encouraging planting of edible plants and fruit trees on private property.
3. Providing for pre-installation inspections and practical installation requirements consistent with San Diego Regional Standard Drawings.
4. Requiring new irrigations systems to be drip or microspray systems with automatic sensors.
5. New impervious surfaces shall direct storm water drainage to landscape areas and new roofs shall be installed with gutters that direct storm water to landscape areas or to water capture and reuse containers.

Staff believes these amendments will dramatically reduce review times of landscape projects, encourage residents and business owners to renovate their landscape areas, reduce water use, and provide needed direction for landscape and irrigation installations and inspections.

Table 1 below shows notable differences between the proposed local WELO and the Updated State MWELo:

Table 1
Notable Differences

| Regulations | Proposed Local WELO | Updated State MWELO |
|------------------------|---|--|
| Applicability | Applies to all new and renovated landscape areas. | Applies to new landscape areas greater than 500 sq. ft. and renovated landscape areas greater than 2,500 sq. ft. |
| Minimum Plantings | Minimum planting area, tree, and edible plants required. | No requirements. |
| Irrigation Design | Automatic Irrigation Controllers with sensors required. No water pressure regulators required. | Automatic Irrigation Controllers with sensors required. Water pressure regulators may be required. |
| Soil Management Report | Required for projects requiring a grading permit. | Required for all applicable projects. |
| Landscape Water Meters | In accordance with Helix policies, install dedicated meters: 1) In single-family residences with one or more acre(s) of irrigated landscape, 2) In all parks and common areas, and 3) In commercial, industrial, government and multi-family sites with 5,000 square feet or more of irrigated landscape. | Install designated meters or private submeters for all non-residential irrigated landscapes greater than 1,000 sq. ft. and residential irrigated landscapes greater than 5,000 sq. ft. |
| Storm Water Drainage | New impervious surfaces shall direct storm water drainage to landscape areas. New roofs shall be installed with gutters that direct storm water to landscape areas or to water capture and reuse containers. | These items are encouraged. |
| Inspections | Excavation, soils, and landscape and irrigation installation inspections required. | Requires Irrigation Audits that may be conducted by local officials. |

The Notice of Public Hearing for this item was published in the November 5, 2015 edition of the East County Californian.

No formal public comments have been received as of November 24, 2015.

Staff recommends that the City Council: 1) conduct public hearing, 2) introduce Ordinance No. 436 certifying Negative Declaration ND15-03 and approving Zoning Amendment ZA1-500-0005.

City Council requested language regarding roofing be revised.

Public Comment: Bob Jones commented about his landscape, his neighbor's landscape and erosion.]

Action: Motion by Councilmember Gastil, seconded by Councilmember Mendoza, to introduce and conduct first reading of Ordinance No. 436:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

Ordinance No. 436 – An Ordinance of the City Council of the City of Lemon Grove, California amending Chapter 18.44 of the Lemon Grove Municipal Code to provide a local water efficient landscape ordinance that is as at least as effective in conserving water as the State’s Model Water Efficient Landscape Ordinance (MWELO).

5. **Ordinance Changes to Title 17 (Zoning) of the Lemon Grove Municipal Code to refocus planning authority from the Planning Commission to the City Council (Ordinance 434) and make other clerical changes**

On September 15, 2015, the City Council adopted an Ordinance to assign Planning Commission jurisdiction to the City Council, which establishes the City Council as the City’s primary Planning Agency. Changes need to be made throughout the Municipal Code to eliminate references to the Planning Commission and make sure that it is clear that the City Council has authority over various planning agency matters. This Agenda Item makes changes to Title 17 (Zoning) to implement Council direction. Some clerical and clarifying changes are made to update the code in other respects.

This Ordinance was first brought to the City Council on October 20, 2015. Council member Mendoza found some typographical errors in the strikeout version that needed to be corrected. The attached Ordinance includes the Council member’s helpful suggestions.

The attachments (“C” – “G”) to the Ordinance are specific sections that cover adjustments that must be made to ensure there is consistency in the land use approval process. The references to the Planning Commission, if left in the code, will be inconsistent with the legal process put in place under Ordinance Number 431. This Ordinance eliminated the Planning Commission. With Ord. No. 431 in effect, the City Council is now the Planning Agency for the City.

Attachment “C”

Attachment “C” is a redline version of changes to certain the definitions found under Lemon Grove Municipal Code § 17.08.010 (Definitions). While most definitions in this section will remain the same, Attachment “C” adds and clarifies definitions needed to update the code’s legal structure and to update the language on other land use issues.

The Ordinance amends the term “advisory body” to reflect the elimination of the Planning Commission. The definition now includes a reference to the “Community Advisory Commission”, which, on a discretionary basis, may be called upon by the City Council to play an advisory role on a land use matter. The Council would adopt a resolution to delegate a land use matter to the Community Advisory Commission seeking an advisory recommendation. The resolution would contain findings to demonstrate the reasoning of the City Council for seeking an advisory recommendation from the Commission.

The Ordinance amends the definition of “condominium” to update it the reference to reflect current state laws. There have been changes in the state codes applicable to local condo regulations and this definition reflects those changes. Attachment “C” also adds a new definition of “condominium project”. This new definition helps differentiate an individual condominium unit from an overall project. Staff will be bringing forward changes to the Subdivision Title to reflect both changes to implement the shift in legal authority to the City Council and to bring the Subdivision Title up to date on condominium issues. The additions of updated condo language in the Subdivision Title will implement changes recommended in the recently adopted Housing Element to the General Plan.

Finally, Attachment “C” corrects the title of the Development Services Director. Throughout the code are references to “planning director”, “community development director” and other variations. These code changes have been correcting these inconsistencies in sections that are being amended. This definition makes clear the both the title and the duties of the Development Services in her land use role under the Zoning Title.

Attachment “D”

Attachment “D” amends Chapters 17.12 (Zoning District Provisions) and 17.16 (Zoning Districts) to reflect the change in legal authority of the City Council and the change in legal title of the Development Services Director. Under LGMC § 17.12.070, the changes reflect that the City Council interprets the appropriateness of a particular use in a zone when there is a question about the application of the code.

The remaining sections in Attachment “D” reflect that the initial interpretation (zoning clearance) of the applicability of the land uses in the Zoning Title is made by the Development Services Director, eliminating references to the “community services director”. All of the changes Chapter 17.16 are to subdivision (B) of the various sections that establish “permitted uses” in each zone within the City. There are no other changes to Chapter 17.16 except retitling the Development Services Director reference in each section.

Attachment “E”

Attachment “E” addresses amendments to Chapter 17.20 (Special Overlay Districts). These areas are where the City Council has adopted special regulations that “overlay” the underlying zoning districts. In Lemon Grove, these are called Special Treatment Areas (STAs).

Attachment “E” amends two sections, 17.20.010 (Special Treatment Overlay Zones) and 17.20.040 (Special Sign Districts). The first one, Overlay Zones, has changes in subsections (B)-(I). There are three types of changes. (1) Changes of Planning Commission to City Council. (2) Changes to the Development Services Department designation. (3) Changes dealing with references to the former redevelopment project areas downtown.

Attachment “E” leaves in references showing that Section 17.20.010 has coterminous boundaries with the downtown redevelopment project area. These references are left in to help define the area’s boundaries. It removes other references to redevelopment regulations because of the dissolution of the Lemon Grove Community Development Agency.

Under Section 17.20.010(H)(2), any subdivision of land in the Special Treatment Area (STA) must be approved by the City Council and there is no appeal from the approval by the Council.

Under Attachment “E”, 17.20.040 amends subsections (C) and (G), to make similar changes to reflect that the redevelopment agency is dissolved and changes related the Development Services Department.

Attachment “F”

Attachment “F” amends the Chapter containing general zoning district regulations. 17.24.010 (Off Street Parking) has changes in subdivision (C) granting authority to the City Council. 17.24.030(B) (Yards and Setbacks) has a grammatical change and a change granting authority to the City Council. 17.24.050(J) (Landscaping and screening) has a change related to the title “Development Services Director.” 17.24.060(B) is amended to remove a City Health Department reference and 17.24.060(C) has a grammatical change. Attachment “F” amends 17.24.060(D) to reflect the authority of the City Council. Attachment “F” amends 17.24.080(F) to change references to the Development Services Director. 17.24.081 removes references to the redevelopment agency and makes changes to reference new City Council authority and the Development Services Department. Finally, Attachment “F” makes similar changes to 17.24.090 (Nonconforming uses, structures and lots) to reflect City Council authority and the name change of the Development Services Department.

ATTACHMENT “G”

Attachment “G” amends Chapter 17.28 (Procedure and Administration). This attachment amends 17.28.010 (Administration) to restructure the process to have all appeals of staff determinations go to the City Council. All recommendations made by staff will go from the staff directly to the City Council. Most of the changes to Chapter 17.28 deal with the appeal process for various types of entitlements. Without a Planning Commission, the City Council now hears matters either through appeal from a staff determination or because it has original approval authority. In legislative matters, the City Council always had the final approval. The Planning Commission did not approve legislative items (i.e. zoning changes (17.28.080), specific plans (17.28.090), variances (17.28.060) and general plan amendments (Government Code 65800 *et. seq.*)), but made recommendations to the City Council. The changes in Chapter 17.28 reflect that change with the Development Services Director making recommendations to the City Council directly on legislative matters.

One type of administrative (quasi-judicial) approval, involved Planned Development Permits. If the PDP involves a major subdivision or a condominium map, final approval authority rested with the City Council. (17.28.030.) Approval authority will remain with the City Council but recommendations will come directly from the Development Services Director.

For other non-legislative approvals (administrative entitlements), the City previously used two methods. In both methods, the Council only heard matters through appeal. (17.28.020.) In one type of procedure, the Planning Commission made the original decision. These included PDPs for minor subdivisions or projects that fit the criteria set out in 17.28.030(B).¹ In addition, conditional use permits (17.28.050) and variances (17.28.060) now will only require staff recommendation and City Council approval.

The City Council and Planning Commission only heard other administrative approvals on appeal. The Development Services Director has approved all temporary use permits (17.28.040), minor use permits (17.28.052), minor modifications (17.28.060) and zoning clearances (17.29.070). Now the appeals of these matters will go directly to the City Council. Attachment “G” brings the administrative procedure sections into line with the reorganization of land use authority.

One other significant change under Attachment “G” deals with hearing notices. Under 17.28.020(F)(2), public notices will be mailed to property owners that live within 500 feet of a project. This is a change from the 300-foot notice for all projects in the past and the change is based on City Council direction.

The City Council retains all authority it had before the reorganization. The City Council assumes all authority previously held by the Planning Commission. The Development Services Director retains all authority she had before the changes. However, the appeal structure now requires that the Development Services Director decisions either be subject to appeal directly to the City Council or be a recommendation to the City Council.

Environmental Impact:

Pursuant to Public Resources Code Section 21065, this action does not constitute a “project” within the meaning of CEQA. The action has no potential to cause either a direct change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not require environmental review.

Based on previous direction given by the City Council, Staff recommends that the City Council introduce Ordinance No. 434 by title to make conforming amendments to LGMC Chapter 17.28 and allow the publication of a Summary of the Ordinance in a newspaper of general circulation.

¹ A PDP is required for: 1. Development that includes five or more principal dwelling units, a major subdivision and/or a condominium map; 2. Development that includes three or more principal buildings on one site; 3. Development of principal uses on commercial, industrial, and/or mixed use sites of one acre or more; 4. Development in the Downtown Village specific plan area; or 5. Uses outlined in specific zoning districts.

Action: Motion by Councilmember Jones, seconded by Councilmember Gastil, to introduce and conduct first reading of Ordinance No. 434 by title only:

Ayes: Sessom, Gastil, Jones, Mendoza,
No: Vasquez

Ordinance No. 434: An ordinance of the City Council of the City of Lemon Grove, California amending Title 17.28 (Zoning) of the Lemon Grove Municipal Code to reassign planning duties to the City Council and make other procedural and clerical changes.

6. Loan Agreement between the City of Lemon Grove and the Lemon Grove Successor Agency

In *California Redevelopment Association, et al. v. Matosantos, et al.*, the California Supreme Court decided in favor of the dissolution of redevelopment agencies statewide and struck down the legislation which would allow the continuation of redevelopment agencies predicated on making payments to the state. Based on this decision, effective February 1, 2012, the Lemon Grove Community Development Agency (“LGCD”) ceased to exist.

In anticipation of the Court’s action, on June 26, 2011, the LGCD repaid the City of Lemon Grove (City) \$558,725 (\$357,000 in principal \$201,725 in interest). On December 31, 2011, the LGCD repaid the City \$588,000 (\$400,000 in principal and \$188,000 in interest). The total of those repayments is \$1,146,725. Subsequent to those repayments, and after enactment of AB1484, the DOF concluded the above loan repayments to the LGCD were not “enforceable obligations”, and therefore, the Successor Agency would not receive reimbursement for those payments. To date, largely due to those repayments to the City, the Successor Agency (“SA”) has a negative cash balance of \$1,568,000. Reimbursement to the SA is critical.

According to Genevieve Morelos, a Senior Consultant to the Budget Committee chaired by Dr. Shirley Weber, Lemon Grove is a high priority topic of discussion between the DOF and the Committee regarding these loans. In the past, the DOF has repeatedly indicated to the City that the \$1,146,725 is not eligible for reimbursement. In addition, the balance of the loan (\$3,160,742) is not also eligible as an enforceable obligation, due to an arbitrary interpretation by the DOF regarding incomplete documentation at the time the loans were made.

In reviewing the loan history, staff has recalculated the interest rate originally charged to the LGCD and has adjusted it to be consistent with LAIF rates at the time of the loans. The result is a final loan balance payable to the City of \$3,697,497. This is a decrease of \$653,006 from the original schedule, but is reasonable, given the investment instruments available to the City.

Staff recommends that the Successor Agency Board approve the attached Loan Agreement between the City of Lemon Grove and the Lemon Grove Successor Agency. The loan will then be presented for approval to the Oversight Board of the Lemon Grove Successor Agency, and subsequently to the Department of Finance

Action: Motion by Councilmember Mendoza, seconded by Councilmember Jones, to approve Loan Agreement:

Ayes: Sessom, Gastil, Jones, Mendoza, Vasquez

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City. (GC 53232.3 (d))

Councilmember Jones had nothing to report.

Councilmember Mendoza attended the HEAL Zone Walking Path Ribbon Cutting, started a Lemon Grove Walking Club – Saturdays and Thursdays and met with HEAL Zone fundraiser, Kaiser.

Councilmember Gastil attended the presentation/reception of the San Diego Land Trust.

Mayor Pro Tem Vasquez attended the City/County Reinvestment Task Force meeting, HEAL Zone Walking Path Ribbon Cutting, Thanksgiving celebration sponsored by Cornerstone Community Church.

Mayor Sessom attended the usual SANDAG and Airport Authority meetings.

City Manager and Department Directors Report

Ms. Till thanked the City of Lemon Grove employees and Council for her time working here.

Lt. May mentioned that Sgt. Ray was honored at the Kiwanis Club International for the Law Enforcement Professional of the Year, for all agencies.

Interim City Manager Mike James mentioned the 18th annual Bonfire, December 4th from 5-9pm and the El Nino Community Preparedness Forum, December 10th from 6-7pm.

Adjournment

There being no further business to come before the City Council, Housing Authority, Sanitation District Board, Lemon Grove Roadway Lighting District Board, and the Lemon Grove Successor Agency the meeting was adjourned at 7:55 p.m.

Laureen Ryan Ojeda
Laureen Ryan Ojeda, Deputy City Clerk